



Experience Rating Overview

MT Department of Labor & Industry
9/22/2015

Agenda

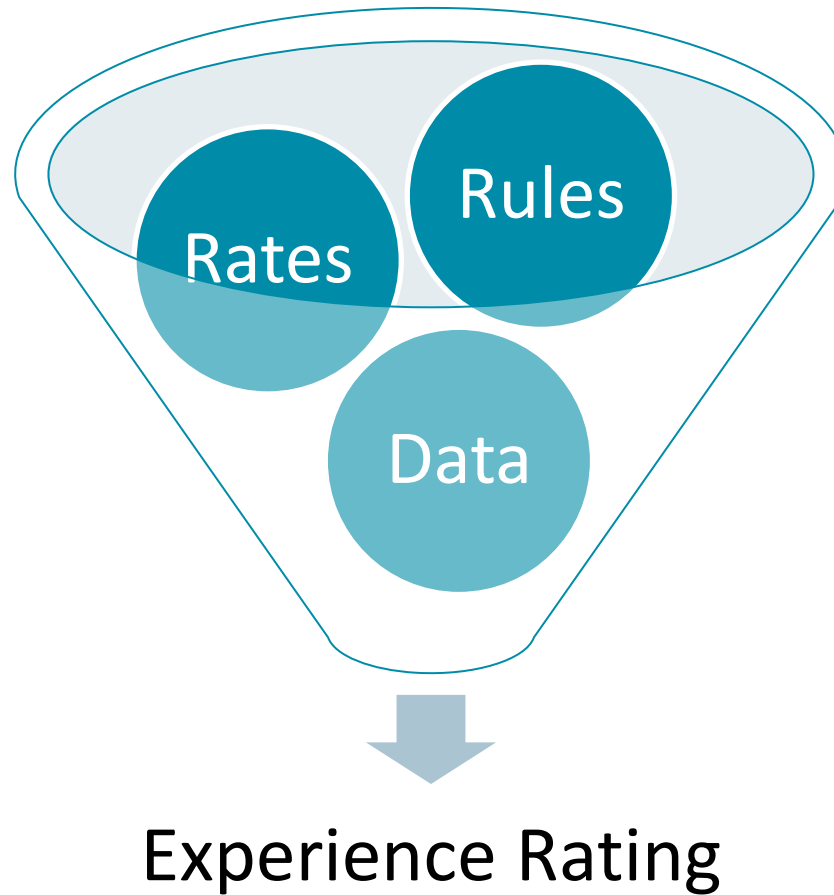
- Purpose and Benefits of Experience Rating
- Basics of Experience Rating
- Subrogation
- Claim Limitations
- Experience Rating Worksheet

Fast Facts on Experience Rating

- 700,000 employers
- 1.2 million ratings produced
- 46,000 ownership rulings processed



Piece of the Puzzle



Introduction to Experience Rating



Tailors the cost of insurance

Modifies manual premium

Gives opportunity to manage cost

Provides added incentives

NCCI's Experience Rating Plan

NCCI's Plan applies in 39 jurisdictions:

Alabama	Iowa	New Mexico
Alaska	Kansas	North Carolina
Arizona	Kentucky	Oklahoma
Arkansas	Louisiana	Oregon
Colorado	Maine	Rhode Island
Connecticut	Maryland	South Carolina
District of Columbia	Massachusetts	South Dakota
Florida	Mississippi	Tennessee
Georgia	Missouri	Texas
Hawaii	Montana	Utah
Idaho	Nebraska	Vermont
Illinois	Nevada	Virginia
Indiana	New Hampshire	West Virginia

NCCI's Experience Rating Plan

Interstate only:

Minnesota

New York

Wisconsin

Does not apply in:

California

Delaware

Michigan

New Jersey

Pennsylvania

Monopolistic states:

North Dakota

Ohio

Washington

Wyoming

Types of Experience Ratings

- An **intrastate** rating is produced for a risk with exposure (payroll) in only one state during the experience period
- An **interstate** rating is produced for a risk with exposure (payroll) in two or more states in the experience period

Status of Experience Ratings

- A **preliminary** mod uses rating values from the previously approved rate filing while a new rate filing is *pending*.
- A **final** mod uses rating values that have been *approved* for use in a specific state.

Note: Interstate modifications can have states with both preliminary and final rating values. Only when all states are final is the mod considered final.

- A **contingent** mod is one that is produced when the rating organization is unable to obtain some of the payroll and/or loss data to produce a rating

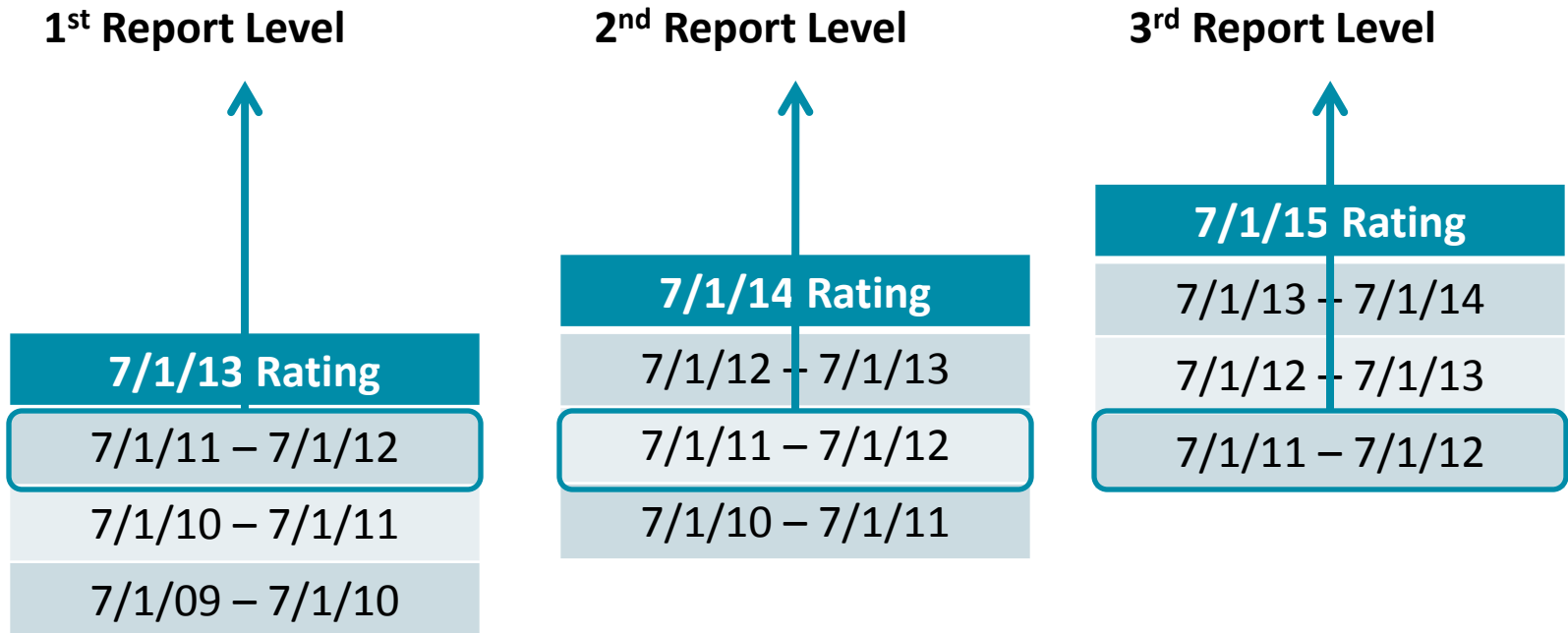
Time Period Used

- Three years of payroll and loss data
- May include up to 45 months

Example: Rating Effective Date: 7/1/2015

Policy Period	Unit Reports
7/1/13–7/1/14	1
7/1/12–7/1/13	1, 2
7/1/11–7/1/12	1, 2, 3

“Rolling” Experience



Qualification for Experience Rating

- Mandatory program for qualifying risks
- Premium eligibility set by the state

Individual risks qualify if they achieve:

**Premium
Threshold**

- Most recent two years of the experience period, or
- Average in overall experience period

Refer to the Premium Eligibility table in Rule 2A of NCCI's ***Experience Rating Plan Manual***.

Premium Qualification Example

- **Montana currently requires:**
\$5,000 of subject premium in the most recent two years, or an average of \$2,500 in the overall experience period.

Rating effective 7/1/15

Policy Period	Subject Premium
7/1/13 – 7/1/14	\$3,500
7/1/12 – 7/1/13	\$2,500
7/1/11 – 7/1/12	\$2,000

- Does this employer qualify?
YES

Premium Qualification Example

- **Montana currently requires:**
\$5,000 of subject premium in the most recent two years, or an average of \$2,500 in the overall experience period.

Rating effective 7/1/15

Policy Period	Subject Premium
7/1/13 – 7/1/14	\$2,250
7/1/12 – 7/1/13	\$2,500
7/1/11 – 7/1/12	\$2,000

- Does this employer qualify?
NO

Premium Qualification Example

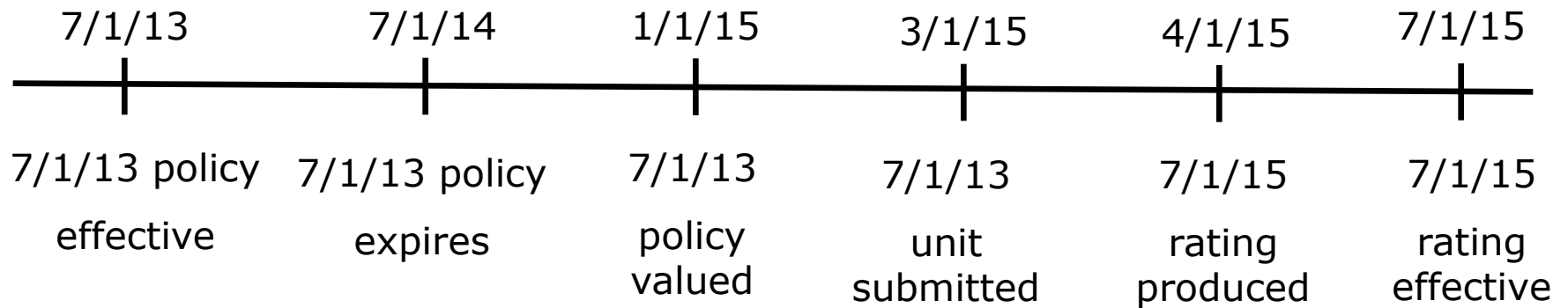
- **Montana currently requires:**
\$5,000 of subject premium in the most recent two years, or an average of \$2,500 in the overall experience period.

Rating effective 7/1/15

Policy Period	Subject Premium
7/1/13 – 7/1/14	\$3,000
7/1/12 – 7/1/13	\$1,750
7/1/11 – 7/1/12	\$3,000

- Does this insured qualify?
YES

Timeline of Rating Production



When a Mod Will Be Revised

- Pending rate filing is approved and rating changes from preliminary to final
- NCCI receives payroll or loss correction reports
- NCCI receives missing data for a previously contingent modification
- There is a change in ownership
- The employer is reclassified

Subrogation

Reductions to the paid and incurred loss amounts due to:

Subrogation

- Recovery from a third party with a legal liability to the claim
- $\text{Net Incurred Loss} = \text{Gross Incurred Loss} - (\text{Amount Recovered} - \text{Recovery Expenses})$
- Anticipated subrogation applies in Oregon

Subrogation Example

■ Scenario:

- Between the 2nd and 3rd units, carrier receives a subrogation recovery of \$25,000 and expended \$3,000 (expenses)
- Subrogation allocated 50/50 for indemnity and medical

■ Action:

- Determine net incurred cost of the claim
 - Latest Reported Loss – (Subrogation Recovery – Expenses) = Incurred Loss
- Determine if correction reports apply
 - Yes, if Net Incurred Loss < Previously Reported Incurred Loss
- Submit correction(s) as needed

USRG Example: Part 5-H

Subrogation Example

1st Report Fields:

- Incurred Indemnity: \$15,000
- Incurred Medical: \$15,000
- **Total Incurred Loss = \$30,000**
- Paid Indemnity: \$12,000
- Paid Medical: \$13,000

2nd Report Fields:

- Incurred Indemnity: \$35,000
- Incurred Medical: \$25,000
- **Total Incurred Loss = \$60,000**
- Paid Indemnity: \$15,000
- Paid Medical: \$20,000

Correction Report Fields:

- Incurred Indemnity: \$24,000
- Incurred Medical: \$14,000
- **Net Incurred Loss = \$38,000**
- Paid Indemnity: \$4,000
- Paid Medical: \$9,000
- Type of Recovery: 03

Subrogation Example

Pol Nbr: W123456		Corr Seq Nbr: 1		Corr Type Cd: L		Pol Eff Dt: 01/01/07				
Rpt Nbr: 2						Exp St: 10				
Update Type	Claim Nbr	Accident Dt	Nbr of Claims	Class Code	Injury Type	Claim Status	Cat Nbr	Jurisdiction St		
P	12345	06/01/07	1	8810	09	0	0	10		
Incurred Indemnity	Paid Indemnity	Incurred Medical	Paid Medical	Paid ALAE	Deductible Reimbursement		Emp Attny Fees Incurred	Clmt Attny Fees Incurred		
35,000	15,000	25,000	20,000	100	00		00	00		
Loss Conditions Code (type of):				Injury Description Code:						
Act	Loss	Recovery	Claim	Settlement	Part	Nature	Cause	Voc Rehab	Lump-Sum	Fraud Claim
01	01	01	01	00	36	40	18	N	N	00
Update Type	Claim Nbr	Accident Dt	Nbr of Claims	Class Code	Injury Type	Claim Status	Cat Nbr	Jurisdiction St		
R	12345	06/01/07	1	8810	09	0	0	10		
Incurred Indemnity	Paid Indemnity		Incurred Medical	Paid Medical						
24,000	4,000		14,000	9,000						
Act	Loss	Recovery	Claim	Settlement	Part	Nature	Cause	Voc Rehab	Lump-Sum	Fraud Claim
01	01	03	01	00	36	40	18	N	N	00

Experience Rating Formula

$$\frac{A_p + A_e \times W + E_e \times (1-W) + B}{E_p + E_e \times W + E_e \times (1-W) + B}$$

Or

$$\frac{A_p + A_e \times W + E_e \times (1-W) + B}{E + B}$$

A = Actual
p = Primary
B = Ballast

E = Expected
e = Excess
W = Weight

Basic Formula

$$\frac{\textit{Actual Losses}}{\textit{Expected Losses}} = \textit{Experience Modification}$$

Formula overview only

Application of Modifications

Premium		Mod		Modified
\$100,000	X	0.75	=	\$75,000
\$100,000	X	1.00	=	\$100,000
\$100,000	X	1.25	=	\$125,000

Claim Limitations

- Primary vs. Excess Split Point
- Single State Claim Limitation
- Experience Rating Adjustment (ERA)

Split Point

- The split point separates the overall claim value into primary and excess components
- The split point is \$15,500 effective 7/1/15

Claim Value	Ratable Primary Loss	Ratable Excess Loss
\$5,000	\$5,000	\$0
\$10,000	\$10,000	\$0
\$20,000	\$15,500	\$4,500
\$50,000	\$15,500	\$34,500

Frequency vs. Severity

	Claims	Cost per Claim	Total Losses	Total Primary Losses
Employer 1	1	\$50,000	\$50,000	\$15,500
Employer 2	10	\$5,000	\$50,000	\$50,000

Which is the better situation?
Employer 1

State Per Claim Accident Limitation

- Claims may be limited by the state per claim accident limitation
- Limitations vary by state and by rate filing

Example: State per claim limit of \$244,000

Loss	Actual Incurred Loss	Actual Incurred Limited Loss	Actual Primary Loss
1	\$350,000	\$244,000	\$15,500
2	\$100,000	\$100,000	\$15,500
3	\$50,000	\$50,000	\$15,500

ERA

- The Experience Rating Adjustment (ERA) reduces medical only (Type 6) claims by 70%

Claim Value	Primary Loss	Ratable Primary Loss	Excess Loss	Ratable Excess Loss
\$5,000	\$5,000	\$1,500	\$0	\$0
\$10,000	\$10,000	\$3,000	\$0	\$0
\$20,000	\$15,500	\$4,650	\$4,500	\$1,350
\$50,000	\$15,500	\$4,650	\$34,500	\$10,350

Expected Losses


- Expected Losses = $(\text{Payroll}/100) \times \text{ELR}$
 - ELR = Expected Loss Rate
 - ELRs vary by class and are calculated from the filed loss costs
- Expected Losses are also broken out between primary and excess
 - Primary Losses = Expected Losses \times D-Ratio
 - Excess Losses = Expected Losses – Primary Losses

Impacts to Expected Losses

- Types of Operations
 - ELRs are tied to loss costs
 - The higher rated the class code, the larger the ELR
 - The larger the ELR, the greater the expected losses
- Payroll (Exposure) Base
 - The larger the exposure, the greater the expected losses

Note: Although there are caps to actual losses, expected losses are not capped in the experience rating calculation.

Experience Rating Worksheet

WORKERS COMPENSATION EXPERIENCE RATING											
		Risk Name: ANY INSURED					Risk ID: 259347375				
Rating Effective Date: 07/01/2015				Production Date: 04/01/2015				State: MONTANA			
25-MONTANA Firm ID: Firm Name: ANY INSURED											
Carrier: 00000		Policy No. 2011UNIT		Eff Date: 07/01/2011		Exp Date: 07/01/2012					
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses	
8017	1.15	.39	10,633	122	48	041000733978	05	O	56,844	15,500	
8810	.25	.37	36,565	91	34	041000771169	06	F	189	189	
9014	3.93	.37	612,819	24,084	8,911						
9519	2.78	.33	7,598	211	70						
9807	ADDITIONAL PREMIUM			0	0						
Policy Total:				667,615	Subject Premium:	40,937	Total Act Inc Losses:		57,033		
25-MONTANA Firm ID: Firm Name: ANY INSURED											
Carrier: 00000		Policy No. 2012UNIT		Eff Date: 07/01/2012		Exp Date: 07/01/2013					
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses	
8017	1.15	.39	15,926	183	71	041000826162	05	F	6,574	6,574	
8810	.25	.37	47,167	118	44	NO. 2	06	*	706	706	
9014	3.93	.37	614,716	24,158	8,938						
9519	2.78	.33	7,873	219	72						
9807	ADDITIONAL PREMIUM			0	0						
Policy Total:				685,682	Subject Premium:	38,192	Total Act Inc Losses:		7,280		
25-MONTANA Firm ID: Firm Name: ANY INSURED											
Carrier: 00000		Policy No. 2013UNIT		Eff Date: 07/01/2013		Exp Date: 07/01/2014					
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses	
8017	1.15	.39	27,144	312	122	041000933190	05	F	322	322	
8810	.25	.37	48,991	122	45	NO. 2	06	*	1,671	1,671	
9014	3.93	.37	636,159	25,001	9,250	041000955541	06	O	5,194	5,194	
9519	2.78	.33	4,098	114	38	041000919147	06	F	10,542	10,542	
9807	ADDITIONAL PREMIUM			0	0						
Policy Total:				716,392	Subject Premium:	51,806	Total Act Inc Losses:		17,729		

Experience Rating Worksheet

25-MONTANA Firm ID: Firm Name: ANY INSURE						EXPERIENCE RATING				
Carrier: 00000 Policy No. 2011UNIT Eff Date:						Risk ID: 259347375				
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	State: MONTANA				
8017	1.15	.39	10,633	122	48					
8810	.25	.37	36,565	91	34					
9014	3.93	.37	612,819	24,084	8,911					
9519	2.78	.33	7,598	211	70					
9807	ADDITIONAL PREMIUM			0	0					
Policy Total:				667,615	Subject Premium:		40,937			
25-MONTANA Firm ID: Firm Name: ANY INSURE										
Carrier: 00000 Policy No. 2012UNIT Eff Date:										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses		IJ	OF	Act Inc Losses	Act Prim Losses
8017	1.15	.39	15,926	183	71	78	05	O	56,844	15,500
8810	.25	.37	47,167	118	44	89	06	F	189	189
9014	3.93	.37	614,716	24,158	8,938					
9519	2.78	.33	7,873	219	72					
9807	ADDITIONAL PREMIUM			0	0					
Policy Total:				685,682	Subject Premium:		57,033			
25-MONTANA Firm ID: Firm Name: ANY INSURE										
Carrier: 00000 Policy No. 2013UNIT Eff Date:										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses		IJ	OF	Act Inc Losses	Act Prim Losses
8017	1.15	.39	27,144	312	122					
8810	.25	.37	48,991	122	45	90	05	F	322	322
9014	3.93	.37	636,159	25,001	9,250					
9519	2.78	.33	4,098	114	38					
9807	ADDITIONAL PREMIUM			0	0					
Policy Total:				716,392	Subject Premium:		17,729			
25-MONTANA Firm ID: Firm Name: ANY INSURE										
Carrier: 00000 Policy No. 2013UNIT Eff Date:										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses		IJ	OF	Act Inc Losses	Act Prim Losses
8017	1.15	.39	27,144	312	122					
8810	.25	.37	48,991	122	45	90	05	F	322	322
9014	3.93	.37	636,159	25,001	9,250					
9519	2.78	.33	4,098	114	38					
9807	ADDITIONAL PREMIUM			0	0					
Policy Total:				716,392	Subject Premium:		17,729			

Exposure

25-MONTANA						Firm ID:		Firm Name: ANY INSURE		EXPERIENCE RATING			
Carrier: 00000		Policy No. 2011UNIT				Eff Date:		Risk ID: 259347375					
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	State: MONTANA							
8017	1.15	.39	10,633	122	48								
8810	.25	.37	36,565	91	34								
9014	3.93	.37	612,819	24,084	8,911								
9519	2.78	.33	7,598	211	70								
9807	ADDITIONAL PREMIUM			0	0								
Policy Total:				667,615	Subject Premium:		40,937						
25-MONTANA						Firm ID:		Firm Name: ANY INSURE		Exp Date: 07/01/2012			
Carrier: 00000		Policy No. 2012UNIT				Eff Date:		IJ	OF	Act Inc Losses	Act Prim Losses		
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	78	05	O	56,844	15,500			
8017	1.15	.39	15,926	183	71	89	06	F	189	189			
8810	.25	.37	47,167	118	44								
9014	3.93	.37	614,716	24,158	8,938								
9519	2.78	.33	7,873	219	72								
9807	ADDITIONAL PREMIUM			0	0								
Policy Total:				685,682	Subject Premium:		38,192		57,033				
25-MONTANA						Firm ID:		Firm Name: ANY INSURE		Exp Date: 07/01/2013			
Carrier: 00000		Policy No. 2013UNIT				Eff Date:		IJ	OF	Act Inc Losses	Act Prim Losses		
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	82	05	F	6,574	6,574			
8017	1.15	.39	27,144	312	122		06	*	706	706			
8810	.25	.37	48,991	122	45								
9014	3.93	.37	636,159	25,001	9,250								
9519	2.78	.33	4,098	114	38								
9807	ADDITIONAL PREMIUM			0	0								
Policy Total:				716,392	Subject Premium:		51,806		7,280				
25-MONTANA						Firm ID:		Firm Name: ANY INSURE		Exp Date: 07/01/2014			
Carrier: 00000		Policy No. 2013UNIT				Eff Date:		IJ	OF	Act Inc Losses	Act Prim Losses		
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	90	05	F	322	322			
8017	1.15	.39	27,144	312	122		06	*	1,671	1,671			
8810	.25	.37	48,991	122	45	91	06	O	5,194	5,194			
9014	3.93	.37	636,159	25,001	9,250	97	06	F	10,542	10,542			
9519	2.78	.33	4,098	114	38								
9807	ADDITIONAL PREMIUM			0	0								
Policy Total:				716,392	Subject Premium:		51,806		17,729				

Calculate Expected Losses

Expected
Losses =
ELR x Payroll
100

3.93 x 612,819
100

= **24,084**
(24,083.7867)

Expected Losses

25-MONTANA						Firm ID:		Firm Name: ANY INSURE				EXPERIENCE RATING				
Carrier: 00000			Policy No. 2011UNIT			Eff Date:			Risk ID: 259347375							
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	State: MONTANA										
8017	1.15	.39	10,633	122	48											
8810	.25	.37	36,565	91	34											
9014	3.93	.37	612,819	24,084	8,911											
9519	2.78	.33	7,598	211	70											
9807	ADDITIONAL PREMIUM			0	0											
Policy Total:				667,615	Subject Premium:		40,937									
25-MONTANA						Firm ID:		Firm Name: ANY INSURE								
Carrier: 00000			Policy No. 2012UNIT			Eff Date:										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses											
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9014	3.93	.37	614,716	24,158	8,938											
9519	2.78	.33	7,873	219	72											
9807	ADDITIONAL PREMIUM			0	0											
Policy Total:				685,682	Subject Premium:		38,192									
25-MONTANA						Firm ID:		Firm Name: ANY INSURE								
Carrier: 00000			Policy No. 2013UNIT			Eff Date:										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses											
8017	1.15	.39	27,144	312	122											
8810	.25	.37	48,991	122	45											
9014	3.93	.37	636,159	25,001	9,250											
9519	2.78	.33	4,098	114	38											
9807	ADDITIONAL PREMIUM			0	0											
Policy Total:				716,392	Subject Premium:		51,806									

Calculate Expected Primary Losses

Expected
Primary
Losses =

Expected
Losses x
Discount
Ratio


$$24,084 \times 0.37 \\ = \mathbf{8,911} \text{ (8,911.08)}$$

Expected Primary Losses

25-MONTANA						25-MONTANA					
Carrier: 00000			Policy No. 2011UNIT			Eff Date:			PERIENCE RATING		
Risk ID: 259347375			State: MONTANA			Exp Date: 07/01/2012					
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses		IJ	OF	Act Inc Losses	Act Prim Losses	
8017	1.15	.39	10,633	122	48						
8810	.25	.37	36,565	91	34						
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9807	ADDITIONAL PREMIUM			0	0						
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25-MONTANA						25-MONTANA					
Carrier: 00000			Policy No. 2012UNIT			Eff Date:			Exp Date: 07/01/2013		
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Carrier: 00000			Policy No. 2013UNIT			Eff Date:			Exp Date: 07/01/2014		
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9014	3.93	.37	636,159	25,001	9,250						
9519	2.78	.33	4,098	114	38						
9807	ADDITIONAL PREMIUM			0	0						
Policy Total:				716,392	Subject Premium:	51,806					



Actual Losses

 WORKERS COMPENSATION Risk Name: ANY INSURED Rating Effective Date: 07/01/2015 Product:						07/01/2011 Exp Date: 07/01/2012				
Claim Data		IJ	OF	Act Inc Losses	Act Prim Losses					
041000733978		05	O	56,844	15,500					
041000771169		06	F	189	189					
Total Act Inc Losses:				57,033						
25-MONTANA Firm ID: Firm Name: ANY Carrier: 00000 Policy No. 2011UNIT Eff										
Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Los					
8017	1.15	.39	10,633	122						
8810	.25	.37	36,565	91						
9014	3.93	.37	612,819	24,084						
9519	2.78	.33	7,598	211						
9807	ADDITIONAL PREMIUM			0						
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8810	.25	.37	47,167	118						
9014	3.93	.37	614,716	24,158						
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9807	ADDITIONAL PREMIUM			0						
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8810	.25	.37	48,991	122						
9014	3.93	.37	636,159	25,001						
9519	2.78	.33	4,098	114						
9807	ADDITIONAL PREMIUM			0						
Policy Total:				716,392	Subject Premium:					
Claim Data		IJ	OF	Act Inc Losses	Act Prim Losses					
041000933190		05	F	322	322					
NO. 2		06	*	706	706					
Total Act Inc Losses:				7,280						
Claim Data		IJ	OF	Act Inc Losses	Act Prim Losses					
041000933190		05	F	322	322					
NO. 2		06	*	1,671	1,671					
041000955541		06	O	5,194	5,194					
041000919147		06	F	10,542	10,542					
Total Act Inc Losses:				17,729						

Experience Modification Factor



WORKERS COMPENSATION EXPERIENCE RATING

Risk Name: ANY INSURED

Risk ID: 259347375

Rating Effective Date: 07/01/2015

Production Date: 04/01/2015

State: MONTANA

State	Wt	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
MT	.11	47,092	74,735	27,643	41,344	29,250	82,042	40,698
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses
.11		47,092	74,735	27,643	41,344	29,250	69,231	27,887

	Primary Losses		Stabilizing Value		Ratable Excess		Totals			
Actual	(I)		C * (1 - A) + G		(A) * (F)		(J)			
	27,887		71,162		4,548		103,597			
Expected	(E)		C * (1 - A) + G		(A) * (C)		(K)			
	27,643		71,162		5,180		103,985			
	ARAP		FLARAP		SARAP		MAARAP		Exp Mod	
Factors									(J) / (K)	
									1.00	

RATING REFLECTS A DECREASE OF 70% MEDICAL ONLY PRIMARY AND EXCESS LOSS DOLLARS WHERE ERA IS APPLIED.



Experience Modification Factor



WORKERS COMPENSATION EXPERIENCE RATING

Risk Name: ANY INSURED

Risk ID: 259347375

Rating Effective Date: 07/01/2015

Production Date: 04/01/2015

State: MONTANA

State	Wt	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
MT	.11	47,092	74,735	27,643	41,344	29,250	82,042	40,698
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses
.11		47,092	74,735	27,643	41,344	29,250	69,231	27,887

	Primary Losses		Stabilizing Value		Ratable Excess		Totals			
	(I)		C * (1 - A) + G		(A) * (F)		(J)			
Actual	27,887		71,162		4,548		103,597			
	(E)		C * (1 - A) + G		(A) * (C)		(K)			
Expected	27,643		71,162		5,180		103,985			
	ARAP		FLARAP		SARAP		MAARAP		Exp Mod	
Factors									(J) / (K)	
									1.00	

DOLLARS WHERE ERA IS APPLIED.



Summary of Plan

Essentials of experience rating:

- Mandatory for all employers that meet the premium eligibility threshold
- Measures how the performance of an employer differs predictably from similarly classified employers

Summary (Continued)

Basic statistical principles:

- The larger the premium size, the more reliable the actual record is in predicting future losses
- Cost of an injury may vary over a large range
- Cost is less predictable than the occurrence of an injury

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Who We Are

NCCI gathers data, analyzes industry trends, and prepares objective insurance rate and loss cost recommendations. These activities, together with our research, analytical services and tools, and overall commitment to excellence help foster a healthy workers compensation system.

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Learn how NCCI produces rates/loss costs

See our webinars on **Ratemaking and Class Ratemaking**



WHAT'S NEW

9/15 National Pool Premium Volume Report
The most up-to-date data for in-force policies for NCCI's Plan-administered states. This report shows a comparison of Plan and Pool policies, quota, and premium information.

9/3 NCCI Underwriting Committee Update
The NCCI Underwriting Committee meets several times a year to discuss and provide feedback on key NCCI research topics affecting the workers compensation industry.

9/2 Filed Annual Loss Ratio Trends
The Filed Annual Loss Ratio Trend reports provide the filed and approved trends by state, along with an "all-states" average across the states for which NCCI provides ratemaking services.

9/2 Summary of Loss Cost/Rate Filing Information by State
The Summary of Loss Cost/Rate Filing Information by State reports provide the effective date, the status and selected details for recent loss cost/rate filings in the states for which NCCI provides ratemaking services.

9/1 Residual Market State Activity Reports
These quarterly status reports contain the key measurement factors relating to the operation of the state's plan and provide updated information on the residual market demographics.

8/28 2015 Enhancements to Data Reporting Tools
NCCI has enhanced the Data Manager Dashboard for Detailed Claim Information (DCI) and Unit Statistical data. Read about the enhancements and available Webinars on Demand.

NEW NCCI Updates

Learn about recent NCCI due to the reauthorization

 **Tennessee Resources**

Your source for Tennessee-related Residual Market information.

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